

**GOVERNMENT OF INDIA
DEFENCE
LOK SABHA**

UNSTARRED QUESTION NO:1060
ANSWERED ON:20.08.2007
PRIVATE SECTOR IN DEFENCE PRODUCTION
Reddy Shri Karunakara G.;Vallabbhaneni Shri Balashowry

Will the Minister of DEFENCE be pleased to state:

- (a) whether the Government proposes to increase private sector participation in defence production;
- (b) if so, the details thereof;
- (c) the level of private sector participation in defence production in volume and percentage terms; and
- (d) the steps taken to simplify the procedures to involve private sector?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF DEFENCE PRODUCTION (RAO INDERJIT SINGH)

(a)&(b): In May 2001, the Defence industry sector was opened up to 100% for Indian private sector participation with FDI permissible up to 26%, both subject to licensing. Since then, 38 Letters of Intent/ Industrial Licences have been issued to various companies in the private sector for manufacture of a wide range of defence items.

(c) The level of private sector participation in Defence production in the Defence Public Sector Undertakings and Ordnance Factories during the year 2006-07 in terms of value has been of the order of Rs.3040 crore and Rs.2132 crore respectively, which works out to about 21% for Defence PSUs and 67% in the case of Ordnance Factories of the total purchases made by them.

(d) Detailed guidelines in the form of Press Note No.2(2002 series) dated 4th January 2002 have been issued by the Department of Industrial Policy & Promotion in consultation with Ministry of Defence for licensing production of arms and ammunition.